Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-15, Michigan Cities Income Tax Withholding

Date: April 26, 2005

To: Holders of TAXES (State of Michigan only)
Personnel User Groups
T&A Contact Points in Michigan

Beginning with wages paid for Pay Period 8, the National Finance Center (NFC) will make the following changes to Michigan cities income tax withholdings:

- The annual exemption allowance for Battle Creek, Michigan, will decrease from $1,500 to $750.

- The maximum annual tax rate for Detroit, Michigan, will increase for residents from 2.45 percent to 2.50 percent and for nonresidents from 1.225 percent to 1.250 percent.

- The annual exemption allowance for Grand Rapids, Michigan, will decrease from $1,000 to $750.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (*www.nfc.usda.gov*) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630** . Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at *customer.support@usda.gov.*

MARK J. HAZUDA, Director
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Michigan Cities Income Tax Information

Withholding Formula ▶(Effective Pay Period 8, 2005)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.

2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1 to obtain the adjusted gross biweekly wages.

3. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.

4. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to obtain the taxable income.

   Exemption Allowance = $[1] x Number of Exemptions

[1]		
	$ 600 –	Flint, Lansing, and Pontiac
▶	$ 750 – ◀	Battle Creek
	$ 750 –	Detroit
▶	$ 750 – ◀	Grand Rapids
	$ 1,000 –	Saginaw

5. Apply the taxable income to the following guideline to calculate the Michigan city income tax withholding.

Compute the City Income Tax Withholding For:	State/City Code:	By Multiplying the Taxable Income By: Resident Percentage	Nonresident Percentage	City Tax Status (Duty Station=DS Residence=R)
Battle Creek	26/0310	1.0	0.50	DS, R
Detroit	26/1260	▶ 2.5	1.25 ◀	DS, R
Flint	26/1730	1.0	0.50	DS, R
Grand Rapids	26/2010	1.3	0.65	DS, R
Lansing	26/2700	1.0	0.50	DS, R
Pontiac	26/4020	1.0	0.50	DS, R
Saginaw	26/4350	1.5	0.75	DS, R

   Note: City tax is mandatory unless otherwise stated.

6. Divide the annual Michigan city income tax withholding by 26 to obtain the biweekly Michigan city income tax withholding.